REMARKS

This amendment is submitted in response to the outstanding Final Office Action mailed August 5, 2009 with a Request for Continued Examination. In view of the above claim amendment and the following remarks, reconsideration by the Examiner and allowance of this application is respectfully requested.

Claims 1, 5, 6 and 10 – 25 stand rejected under 35 U.S.C. §101 as being directed to non-patentable subject matter, and under 35 U.S.C. §103(a) as being unpatentable over an SBA Communications Corporation publication and the SBA website (collectively, "SBA"), Melone et al., U.S. Patent Application Publication 2002/0138419 and Gross et al., U.S. Patent Application Publication 2003/0225665.

Claim 1 has been amended to more particularly point out and distinctly claim the subject matter applicant regards as the invention. In particular, Claim 1 is amended so it is now directed to a method for the build-out of a cellular network by a communications company consisting of the recited steps in which a total lease payment is calculated that is less than the aggregated projected periodic lease payment for each parcel of land over the term of use, which is then offered as an immediate up-front lump sum payment in lieu of periodic lease payments, after which no further payments are owed, thereby decreasing the number and duration of payments need to acquire the right to use said parcel of land. The total lease payment calculation was originally recited in a later paragraph of Claim 1. An up-front lump sum payment in lieu of periodic lease payments was formerly claimed in Claim 10, which has been cancelled. The lump sum payment being an immediate payment is disclosed in the specification at page 9, line 17. No further payments being owed after the initial lump sum payment is made is disclosed in the specification at page 11, lines 19 – 22, which states:

> The payment made to the property owner may be entirely capitalized, or expensed as pre-paid rent. In addition, all of what were previously lease payments using the standard lease agreement and long-term liabilities are now no-longer an on-going expense. What was a cash-draining long-term liability is converted to a short-term expense.

The specification thus teaches a property acquisition method structured with front-loaded consideration, after which no further payments are made. Otherwise, the use of the lump sum payment to decrease the number and duration of payments needed to acquire the right to use the parcel of land is disclosed in the specification at page 4, lines 12 – 13.

The amendment to Claim 1 therefore does not introduce new matter. Instead, the claim amendments overcome the Examiner's rejection and place the application in condition for allowance. Reconsideration of the prior art rejection in view of the following remarks is therefore respectfully requested.

Turning to the rejection under 35 U.S.C. §101, Claims 1, 5, 6 and 10 – 25 were rejected because the recited process was not tied to a particular apparatus or transformative of the underlying subject matter to a different state or thing. According to the Examiner, the limitations of the body of the claims involving contact offers and acceptances were unpatentable abstract mental steps. This rejection is respectfully traversed for the following reasons.

The "machine or transformation test" relied upon by the Examiner's was rebuked by the U.S. Supreme Court as reading "into the patent laws limitations and conditions the legislature has not expressed." *Bilski v. Kappos*, 561 U.S. ___ (2010) (slip op. at pg. 6). According to the Supreme Court, this is not the exclusive test for patentable subject matter under 35 U.S.C. §101 (slip op. at pg. 7). Consequently, according to the Supreme Court, 35 U.S.C. §101 does not categorically exclude business method patents. (Slip op. at pg. 10). Instead, 35 U.S.C. §101 excludes business method patents when they seek to patent an abstract principle as in *Gottschalk v. Benson*, 409 U.S. 63, 70 (1972), or the application of the abstract principle to post-solution activity as in *Parker v. Flook,* 437 U.S. 584 (1978) (Slip op. at pgs. 13 – 14). Nevertheless, the application of a mathematical formula to a known structure or process may well be deserving of patent protection. Slip op. at pg. 14 citing *Diamond v. Diehr*, 450 U.S. 175 (1981).

Diehr applies favorably to the present situation. The presently pending claims apply a new mathematical formula to an existing process; i.e., the process of property acquisition for the build-out of cellular networks. The formula applied to the process calculates a total lease payment that is less than the aggregated projected periodic lease payment for each parcel of land

over the term of use. The result is then applied to an existing process in a novel and non-obvious way. The total lease payment calculated is offered as an immediate up-front lump sum payment in lieu of periodic lease payments, after which no further payments are owed, thereby decreasing the number and duration of payments need to acquire the right to use said parcel of land.

In view of the foregoing remarks and the decision in *Bilski v. Kappos,* the rejection of Claims 1, 5, 6 and 10 –25 under 35 U.S.C. §101 for being directed to non-statutory subject matter has thus been overcome. Reconsideration by the Examiner and withdrawal of this rejection is therefore respectfully requested.

Next, Claims 1, 5, 6 and 10 – 25 were rejected under 35 U.S.C. §103(a) as being unpatentable over the SBA website (SBA) in view of Melone et al., U.S. Application Publication No. 2002/0138419 and Gross et al., U.S. Application Publication No. 2003/0225665. SBA was cited as disclosing site acquisition, site development and lease negotiating services for pluralities of separately owned properties for terms of years to the wireless communications industry. The Examiner conceded that SBA did not disclose leases with a lump sum payment as consideration, but cited Melone et al. as disclosing that. And while Melone et al. do not disclose a lump sum payment that is less than the aggregate period lease payment over the term of use, Gross et al is cited as disclosing this. This rejection is respectfully traversed in view of the above claim amendments for the following reasons.

The pending claims are directed to a method for the long-term leasing of a plurality of properties, wherein each property owner is tendered a defined lease acquisition offer for a term of years with an up-front lump sum payment as consideration. The lump sum payment is in lieu of periodic lease payments, wherein and is undivided or divided into a series of shorter-term payments for less than one-half of the lease term after which no further payments are owed, so that the number and duration of payments needed to acquire the right to use said parcel of land are decreased.

SBA does not disclose a method for leasing a parcel of land <u>from</u> a land owner. What SBA discloses are methods for leasing parcels of land <u>to</u> companies <u>after</u> the parcel is leased from the land owner. <u>SBA is the middle-man eliminated by the presently claimed method.</u> By

including itself as a middle-man SBA teaches against the presently claimed invention and provides no motivation to modify what is disclosed therein to arrive at the inventive method. On this basis alone the presently claimed invention patently defines over SBA.

That is, it is not obvious to negotiate up-front lump sum lease payment terms when leasing properties from landowners in view of prior art teaching a system for sub-leasing acquired properties to cellular communications companies. The method of the present invention reduces cost by cutting out SBA as the middle man and having companies directly negotiate discounted up-front lump sum lease payments with property owners for who a sizeable up-front payment is more attractive than a larger sum of money paid out in small installments over decades. This represents an improvement to the teachings of SBA contributed by Applicant, on the basis of which the rejection in view of SBA alone should be withdrawn.

While Melone et al. disclose an up front lump sum rental payment, there is no discount in the aggregate projected periodic rent payment for the lessor. Furthermore, there are additional deferred payments, which is why there is no discount.

Turning to Gross et al., this has been cited against the Claim 1 limitation reciting that the total rent is less than the aggregate projected periodic lease payments for each property owner over the term of use. This is not what Gross et al. teaches. Instead, Gross et al. disclose a method in which one party to a lease may treat it as an operating lease for accounting purposes while the other party treats it as a capital lease for accounting purposes. Specifically, a property owner sells a building and leases it back to itself at below-market rates. The land under the building is leased to the new building owner who sub-leases it back to the original property owner who also leased back the building on the land. The land leased and sub-leased over a long term with the first 20 years of rent payments from the new building owner/land tenant to the original property owner, who sold the building and leased it back and rented the land and sub-leased it back deferred.

The "tenant" never uses the property. Instead, the former building owner leases the building and sub-leases the land back from the "tenant." As long as the net value of the lease-back minus the deferred land lease payment is less than 90% of what the building was sold for,

the former building owner is permitted to treat the building leaseback as an operating lease rather than a capital lease.

The net lease payments disclosed by Gross et al. are not a lump sum discount from the aggregate projected periodic lease payments for each property over the term of use. Instead they are an allocation between the value of building rent and land rent for accounting purposes to permit one party to a lease to treat it as a capital lease and the other party to treat it as an operating lease.

Neither Gross et al. nor Melone et al. disclose a total lease consideration that is less than one-half of the lease term after which no further payments are owed, so that the number and duration of payments needed to acquire the right to use said parcel of land are decreased. Both disclosures require deferred payments; i.e., rent payments in addition to an initial lump sum payment. None of the three prior art systems are established to take advantage of individual land owners' desire to get smaller but still substantial lump sum payments up-front rather than more money paid out in small amounts over decades. Instead, Gross et al. and Melone et al. disclose elaborate tax shelters with lease payments deferred up to 20 years.

No individual land owner would ever agree to lease a cell tower site for rent payments that will not be paid until 20 years after the deal closes.

Stated another way, the teachings of the secondary references are irrelevant because they relate to complex commercial transactions with sophisticated accounting advantages to both parties involved, while the present invention simply recognizes that lump sum up front rent payments that are deeply discounted to the advantage of cellular communications companies are nevertheless highly attractive to private, non-commercial property owners who value obtaining less money immediately above receiving more money in small amounts over an extended period of time. What represents an advantage to private, non-commercial property owners is of no value to the sophisticated property owners of Melone et al. and Gross et al.

Accordingly, Claim 1 patentably defines over Goss et al. by requiring that the lump sum lease payment be made up-front and be either undivided or divided into a series of shorter-term

payments for less than one-half of the lease term. Gross et al. teach against such a payment allocation because it does not accomplish their accounting objectives.

Therefore, not only do Melone et al. and Gross et al. fail to teach discounting the aggregate projected periodic rent payment for the lessor, which is paid in a lump sum after which no further payments are owed, so that the number and duration of payments needed to acquire the right to use the parcel of land are decreased, there is absolutely no teaching, suggestion or motivation to do so in either secondary reference because such a discount is not an advantage to their sophisticated lessees. The advantages for cellular communications companies of front-ending lump sum lease payments for cell tower sites over other payment options were previously demonstrated. The net cost for each lease negotiated according to the presently claimed method is substantially lower. The cost savings for wireless communications companies is substantial. For large networks the savings over the lease term can approach **one billion dollars**. This can only be learned by reading the present application.

To summarize, SBA fails to disclose a strategy for negotiating with property owners to acquire property with an up-front lump-sum lease payment, wherein the total rent is less than the aggregate projected periodic lease payments for each property owner over the term of use, the lump sum lease payment is undivided or divided into a series of shorter-term payments for less than one-half of the lease term after which no further payments are owed, and the number and duration of payments needed to acquire the right to use said parcel of land are decreased. The net lease payments disclosed by Melone et al. and Gross et al. do not represent a lump sum discounted from the aggregate projected periodic lease payments, after which no further payments are owed, and the number and duration of payments needed to acquire the right to use said parcel of land are not decreased, which is not surprising because the transactions are sophisticated commercial transactions is which such a discounted payment is of no advantage to the property owner.

The amendment to Claim 1 that requires immediate up-front lump sum payment of the calculated total lease payment as consideration in lieu of periodic lease payments, wherein the lump sum payment is undivided or divided into a series of shorter-term payments for less than

one-half of the lease term after which no further payments are owed, so that the number and duration of payments needed to acquire the right to use said parcel of land are decreased, therefore patentably defines over the cited combination of prior art. By amending Claim 1 in this manner, this rejection of Claims 1, 5, 6 and 10–25 under 35 U.S.C. §103(a) as being unpatentable over the SBA website (SBA) in view of Melone et al. and Gross et al. has thus been overcome. Reconsideration by the Examiner and withdrawal of this rejection is therefore respectfully requested.

Accordingly, in view of the above claim amendments and the foregoing remarks, this application is now in condition for allowance. Reconsideration is respectfully requested. In the event any issues remain outstanding, the Examiner is requested to telephone the undersigned at the below-listed telephone number so that their resolution may be discussed.

Finally, if there are any additional charges in connection with this response, the Examiner is authorized to charge Applicants' Deposit Account Number 50-1943.

Respectfully submitted,

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